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PAGE 01 STATE 275591

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ORIGIN EB-03

INFO OCT-01 ISO-00 /004 R

66612

DRAFTED BY:EB/ICD/TRP:PPPILKAUSKAS

APPROVED BY:EB/ICD/TRP:TJO'DONNELL

----- 082155

R 170019Z DEC 74

FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA

AMCONSUL RIO DE JANEIRO

AMEMBASSY BOGOTA

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FOLLOWING REPEAT DAR ES SALAAM 4074 SENT ACTION SECSTATE INFO

LONDON DATED 16 DECEMBER 1974:

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E.O.11652: N/A

TAGS : EPAP, XJ, TZ

SUBJECT : INTER-AFRICAN COFFEE ORGANIZATION (IACO)

ANNUAL MEETING IN DAR ES SALAAM

POUCHED TO: ABIDJAN, ACCRA, ADDIS ABABA, BANGUI, BUJUMBURA,
CONAKRY, COTONOU, FREETOWN, KIGALI, KINSHASA, LAGOS, LIBREVILLE,
LOME, MONROVIA, NAIROBI, TANANARIVE, YAOUNDE

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PAGE 02 STATE 275591

1. ANNUAL MEETING OF IACO CONCLUDED IN DAR ES SALAAM WITH DISCUSSIONS, APART FROM ADMINISTRATIVE MATTERS, RANGING OVER FOLLOWING SUBJECT.

A) NEW HEADQUARTERS - MOST CONTENTIOUS ITEM ON AGENDA OF IACO MEETING WAS PROPOSAL TO MOVE IACO HEADQUARTERS FROM PARIS TO AFRICAN CITY. SOME OF THE CITIES MOST SERIOUSLY DISCUSSED WERE ABIDJAN, MOSHI (TANZANIA), BANGUI, KAMPALA AND ADDIS. NO DECISION TAKEN ALTHOUGH ONLY FIRST FOUR CITIES WERE LISTED IN FINAL COMMUNIQUE AS "BEST CHOICES FOR IACO HEADQUARTERS". TANZANIA PRESSED ITS CASE ON GROUNDS MOSHI NOT NATIONAL CAPITAL AND TANZANIA, AS PRODUCER OF BOTH ROBUSTA AND ARABICA, FAVORED NEITHER WING OF IACO. PRIVATELY, DELEGATES ADMITTED ABIDJAN HAD INSIDE TRACK AS THE LEADING IACO CONTRIBUTOR.

B) RETENTION SYSTEM - FINAL COMMUNIQUE OF MEETING NOTED THAT ONE ROUTE TO IMPROVE MARKET CONDITIONS "IS TO COOPERATE ACTIVELY AMONG THE PRODUCERS GROUP IN ORDER TO REINFORCE THE RETENTION SYSTEM." MAKULE, TANZANIAN DELEGATE AND CHAIRMAN TANGANYIKA COFFEE BOARD TOLD EMBOFF THAT DISCUSSION FOCUSED ON INCORPORATING RETENTION SYSTEM INSIDE FINANCIAL INSTITUTION WHICH IACO WOULD ESTABLISH. BANK WOULD SERVE ESSENTIALLY AS VEHICLE TO FINANCE STOCKS BEING WITHHELD FROM MARKET BY IACO COUNTRIES AND THESE STOCKS WOULD SERVE AS COLLATERAL. MAKULE HINTED THAT ARABS MIGHT BE APPROACHED TO PARTICIPATE IN FINANCING BANK. IN ANY CASE IACO HAS AUTHORIZED STUDY TO BE MADE OF PROPOSAL TO NEXT YEAR'S GENERAL ASSEMBLY. FINAL COMMUNIQUE SUGGESTED THAT BANK WOULD ALSO SERVE TO FINANCE INDUSTRIAL PROJECTS TO PERMIT MEMBER STATES PROCESS THEIR COFFEE BEYOND THE RAW MATERIAL STAGE.

C) NEW COFFEE AGREEMENT - CONFERENCE EXPRESSED SUPPORT FOR EARLY START ON NEW NEGOTIATIONS LEADING TO NEW INTERNATIONAL COFFEE AGREEMENT WITH ECONOMIC PROVISIONS. NO FIRM TIMETABLE FOR DRAFTING AGREEMENT WAS OFFERED. APPARENTLY THERE WAS CONSIDERABLE FRUSTRATION REGARDING THE FOOT-DRAGGING LATIN AMERICANS. BRAZIL AND COLOMBIA WERE SINGLED OUT FOR SPECIAL CRITICISM -- PARTICULARLY THE FORMER FOR NEGOTIATING SPECIAL CONTRACTS WITH CONSUMING COUNTRIES.

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D) KENYA - DURING MEETING KENYA ANNOUNCED THAT IT WISHED TO CAST ASIDE ITS OBSERVER STATUS IN IACO AND BE ADMITTED AS FULL MEMBER. MAKULE ATTRIBUTES KENYA'S INTEREST IN REJOINING IACO AS PROOF THAT ORGANIZATION SLOWLY INCREASING ITS USEFULNESS AFTER REACHING NADIR IN LATE SIXTIES. KENYA, WHEN APPLYING FOR MEMBERSHIP, INVITED NEXT YEAR'S IACO CONFERENCE TO BE HELD IN NAIROBI AND OFFER WAS ACCEPTED.

2. TANZANIAN MINISTER OF AGRICULTURE (MUNGAI) WAS ELECTED IACO CHAIRMAN FOR COMING YEAR WITH CONGOLESE COMMERCE MINISTER BONIFACE MATINGOU ELECTED HIS DEPUTY. BOARD OF DIRECTORS TO COMPRISE CAMEROON, IVORY COAST, UGANDA, TANZANIA, SIERRA LEONE, RWANDA, ZAIRE. LIBERIA WILL BE AUDITOR.

3. AS MIGHT HAVE BEEN EXPECTED, MUNGAI USED IACO FORUM AS ANOTHER OPPORTUNITY TO PUSH THE TANZANIAN LINE THAT PROBLEMS OF DECLINING TERMS OF TRADE BETWEEN DC'S AND LDC'S COULD BE RESOLVED BY PRODUCERS OF COMMODITIES, LIKE COFFEE, FORMING CARTELS SIMILAR TO OPEC. CARTER UNQTE KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COFFEE, POLICIES, MEETING PROCEEDINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 17 DEC 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE275591
Document Source: CORE
Document Unique ID: 00
Drafter: EB/ICD/TRP:PPILKAUSKAS
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740366-0458
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741229/aaaaaydv.tel
Line Count: 127
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 06 MAY 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <06 MAY 2002 by boyleja>; APPROVED <24 MAR 2003 by ElyME>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: : INTER-AFRICAN COFFEE ORGANIZATION (IACO) ANNUAL MEETING IN DAR ES SALAAM
TAGS: EPAP, XJ, IACO-INTER-AMERICAN COFFEE ORGANIZ
To: BRASILIA MULTIPLE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005